



AMERICAN ASSOCIATION
OF EDUCATIONAL
SERVICE AGENCIES

CC96-45

July 16, 1997

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Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, NW, Room 0101
Washington, D.C. 20554

JUL 17 1997

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RE: The 1996 Telecommunications Act and the Universal Service Fund

Dear Chairman Hundt:

The American Association of Educational Service Agencies (AAESA) is the national association for education service agency leaders, board members and staff. As defined in the Elementary and Secondary Education Act as amended in 1994, Public Law 103-382, educational service agencies, ESAs, are regional, public, multiservice agencies authorized by states to develop, manage, and provide services or programs to local education agencies. The definition of an LEA in Public Law 103-382, Title XIV, Part A, Section 14101(18), also clearly includes educational service agencies where they serve the function of an LEA.

The AAESA Telecommunications Task Force in collaboration with the American Association of School Administrators, EdLine and other coalitions, has been monitoring the developments regarding the Telecommunications Act of 1996 and implementation preparations of the Universal Services Fund. We thank you for the work you and the commission has done to improve schools and children's lives through increased access to the world outside of their homes and classrooms.

Our member educational service agencies have several questions which we would like to present to you for your consideration as final plans are being made and request clarification on these points in future erratas. Following each question we have provided additional information regarding the specific role of education service agencies in the day to day education of the nations 50 million public and private school children. Our questions are as follows:

Question 1. Are educational service agencies a school and/or school district?

Rationale: Many educational service agencies are mandated by law to form cooperatives and/or consortiums, to operate alternative schools, charter schools, juvenile detention centers, classrooms within hospitals, vocational skills centers, magnet schools and other educational programs where the funding flows directly to the educational service agency from the state and federal government. In these instances the educational service agencies are eligible for free and reduced lunches. Under the Elementary and Secondary Education Act of 1965, as amended by the Improving America's Schools Act of 1994 (IASA), educational service agencies (ESAs) are defined in the IASA and are eligible for the same federal grants and funding streams as school districts (Public Law 103-382, Title XIV, Part A, Section 14101(18)).

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Question 2. If the answer to Question 1. is “yes, educational service agencies are eligible for the discounts,” can they be a provider as well?

Rationale: While many educational service agencies are required to provide direct services to children, many also serve as the aggregation point for telecommunications services for their region. In fact, many educational and library networks are providing the Internet access and associated services through their educational service agency. Further, some educational service agencies enter into contractual arrangements with telecommunication services on behalf of their member school districts. The educational service agency in these cases have become the providers.

Question 3. Does the state or federal discount take place first?

Rationale: Paragraph 434 states, “We observe that a state preferring a program that targets a narrower or broader set of services may make state funds available to schools or libraries that purchase those services.”

Question 4. Does a school building have to hook up to the Internet, at the same time it wires the building, to be eligible for the Universal Service Fund?

Rationale: Some buildings have indicated they want to only use instructional software and in-service on the network the first year and then move onto the Internet in the second year.

This position is supported by Paragraph 439 which states that Congress did not intend to limit support to only telecommunications services. Rather, support also is intended for “information services,” including information storage and internal connections.

Question 5. Can educational service agencies aggregate equipment, maintenance and transmission purchases and/or leases for telecommunication services and maintain them on the service agency’s inventory?

Rationale: Many districts, especially small rural districts, do not have the staff or resources to do the bidding, installation, maintenance and inventory of telecommunications equipment and, therefore, rely on the educational service agency for this support.

Paragraphs 476 and 477 specifically encourage aggregation as a way to reduce rates and secure other efficiencies.

Question 6. Do building LAN(s) and/or WAN(s) annual maintenance costs qualify for the annual discount?

Rationale: (Paragraph 450.) “Therefore eligible schools and libraries may, under Paragraphs 254(c)(3) and 254(h)(1), secure support for maintenance of internal connections, among other services, and functionalities provided by telecommunication carriers.”

Question 7. Can Internet costs or multiple use LANs and/or WANs be discounted?

Rationale: In many educational service agencies the LANs and/or WANs connecting the districts are used for the Internet connection and for administrative data transmission. Would the portion of the connectivity for the Internet be eligible for the discount?

Question 8. Are network adapter and video codec boards for PCs or servers eligible for the Universal Service Fund?

Rationale: Paragraph 459 (Extent of Support for Internal Connections) says "We find that a given service is eligible for support as a component of the institution's internal connections only if it is necessary to transport information all the way to individual classrooms. That is, if the service is an essential element in the transmission of information within the school or library, we will classify it as an element of internal connections and will permit schools and libraries to receive a discount on its installation and maintenance for which the telecommunications carrier may be compensated from universal service support mechanisms."

In order for transmission to occur between the desktop and the network exit point for the school library, there must be adequate transmission and reception equipment at both ends. This means network adapter cards for workstations, hubs and routers at the demarcation point for these outside network services.

Question 9. When an educational service agency or school district provides K-12 classes via satellite to individual schools, is the satellite time eligible for discounts under the Universal Service Fund?

Rationale: The Joint Board recommended (Paragraph 431) that schools and libraries be provided maximum flexibility to purchase whatever commercially available services they believe will meet their telecommunications needs most effectively and efficiently. This point is reinforced in Paragraphs 432 and 433, where it is acknowledged that 1) technology needs vary by locale, 2) individual schools and libraries are in the best position to assess local needs (and choose appropriate technologies to meet those needs) and 3) allowing schools and libraries to choose appropriate technologies is the best way to maximize value, service and efficiency. As noted by several commenters, a flexible approach also is the most fair way to deal with schools and libraries which already have invested in specific technologies. To limit local flexibility would effectively punish localities which initiated programs before passage of the 1996 Act.

Question 10. Does the Universal Service Fund have any affect on any other federal grants or programs?

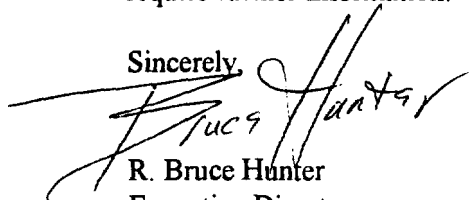
Rationale: Entities applying for federal grants or monies from federal programs or agencies are sometimes precluded from combining other federal monies with those being sought from a particular federally funded/supported grant program. Would the use of the Universal Service Fund in any way negatively impact a school applying for and then receiving federal funds, i.e., can a school district receive funds from a federal grant, such as the challenge grants, and still be eligible for discounts from the Universal Service Fund? It is our interpretation that since this fund is not a federal appropriation there would not be any federal budget restrictions on other federally funded programs.

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The American Association of Educational Service Agencies, its member agencies, their staff and board and the schools and school districts they serve thank you for your consideration of our questions and we look forward to your response and clarification.

Please do not hesitate to contact me directly at 703 / 875-0738 or Dr. Brian Talbott at 509 / 456-2715 should you require further information.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Hunter", is written over the word "Sincerely,".

R. Bruce Hunter
Executive Director

cc:

- Commissioner Rachelle Chong
- Commissioner Susan Ness
- Commissioner James Quello
- Mr. William Caton, Acting Secretary to the FCC
- Dr. Brian Talbott, AAESA Telecommunications Task Force Chair and incoming AAESA Executive Director
- Members of the AAESA Executive Council and the AAESA Telecommunications Task Force